

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA UNIVERSITY SYSTEM STUDENT LOAN REPAYMENT TRUST FUND WITHIN THE COAL TAX TRUST FUND; ALLOCATING \$48 MILLION TO THE MONTANA UNIVERSITY SYSTEM STUDENT LOAN REPAYMENT TRUST FUND; PROVIDING THAT 100 PERCENT OF THE INTEREST AND EARNINGS OF THE STUDENT LOAN REPAYMENT TRUST FUND BE USED TO ENCOURAGE GRADUATES OF THE MONTANA UNIVERSITY SYSTEM TO MAINTAIN RESIDENCY AFTER GRADUATION BY REPAYING UP TO \$7,000 IN STUDENT LOANS OVER A 5-YEAR PERIOD; REQUIRING THE BOARD OF REGENTS TO ADOPT PROCEDURES FOR ADMINISTERING THE LOAN REPAYMENT PROGRAM; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-5-703, 17-6-308, AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Montana university system student loan repayment program -- purpose -- conditions. (1) There is a Montana university system student loan repayment program administered by the board of regents through the office of the commissioner of higher education.

(2) The purpose of the student loan repayment program is to encourage graduates of the units of the Montana university system, as identified in 20-25-201, to maintain residency within the state after graduation by providing state repayment of a maximum of \$7,000 in student loans as follows:

(a) \$1,500 in loan repayment at the end of 1 year of in-state residency following graduation;

(b) \$1,000 in loan repayment at the end of 2 years of in-state residency following graduation;

(c) \$1,500 in loan repayment at the end of 3 years of in-state residency following graduation;

(d) \$1,000 in loan repayment at the end of 4 years of in-state residency following graduation; and

(e) \$2,000 in loan repayment at the end of 5 years of in-state residency following graduation.

(3) The board of regents shall adopt procedures to provide for:

(a) notification to students within the Montana university system of the availability and requirements of the student loan repayment program;

(b) an application process to allow eligible students to access the repayment program;

(c) the annual disbursement of money to repayment of student loans from the account provided in [section 2]; and

(d) verifying that students maintain the required annual in-state residency required for loan repayment.

NEW SECTION. Section 2. Montana university system student loan repayment trust fund account -- statutory appropriation. (1) There is a Montana university system student loan repayment trust fund account in the state special revenue fund.

(2) All of the interest and earnings on the Montana university system student loan repayment trust fund account, as provided in 17-6-308(3)(b), must be deposited in the account, and the account is statutorily appropriated, as provided in 17-7-502, to the board of regents for the state payment of student loans pursuant to the requirements of [section 1].

Section 3. Section 17-5-703, MCA, is amended to read:

"17-5-703. (Temporary) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a treasure state endowment regional water system fund;

(d) a coal severance tax permanent fund;

(e) a coal severance tax income fund; ~~and~~

(f) a Montana university system student loan repayment trust fund; and

~~(f)(g)~~ a coal severance tax school bond contingency loan fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

(3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the

1 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax
2 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax
3 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

4 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the
5 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal
6 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12
7 months.

8 (4) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
9 fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in
10 subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection
11 (3).

12 (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
13 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
14 is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant
15 to subsection (3).

16 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
17 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
18 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
19 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
20 treasure state endowment fund.

21 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system
22 fund to the treasure state endowment regional water system special revenue account the amount of earnings,
23 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
24 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state
25 endowment regional water system special revenue account must be retained in the treasure state endowment
26 regional water system fund.

27 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
28 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
29 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

30 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under

Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a coal severance tax permanent fund;

(d) a coal severance tax income fund; ~~and~~

(e) a Montana university system student loan repayment trust fund; and

~~(e)(f)~~ a coal severance tax school bond contingency loan fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

(3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12 months.

(4) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).

(b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."

Section 4. Section 17-6-308, MCA, is amended to read:

"17-6-308. Authorized investments. (1) Except as provided in subsections (2) through (4) and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) (a) The board shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The board shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. As loans made by the former Montana board of science and technology development are repaid, the board shall deposit the proceeds or loans made from the coal severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7% interest.

(b) On July 1, 2005, the board shall transfer \$48 million from the coal severance tax permanent fund to the Montana university system student loan repayment trust fund. The board shall deposit 100% of the interest and earnings on the Montana university system student loan repayment trust fund in the Montana university system student loan repayment trust fund account established in [section 2] to pay student loans as provided in [section 1].

(4) The board shall allow the Montana facility finance authority to administer \$15 million of the permanent coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90, chapter 7, the funds under its administration must be invested by the board pursuant to the provisions of 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal and interest payments on the loans must be deposited in the coal severance tax permanent fund until all principal and interest have been repaid. The board and the authority shall calculate the amount of the interest charge. Individual loan amounts may not exceed 10% of the amount administered under this subsection.

(5) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit corporations.

(6) All repayments of proceeds pursuant to subsection (3) of investments made from the coal severance tax trust fund must be deposited in the coal severance tax permanent fund."

Section 5. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-15-151; 2-17-105; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121; 15-23-706; 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-11-404; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-9-534; 20-9-622; section 2; 20-26-1503; 22-3-1004; 23-5-306; 23-5-409; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703; 53-24-108; 53-24-206; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and

1 90-9-306.

2 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
3 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
4 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
5 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
6 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
7 appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of
8 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360,
9 L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's
10 unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates
11 July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 2 and 5, Ch. 481, L. 2003, the inclusion
12 of 90-6-710 terminates June 30, 2005; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch.
13 481, L. 2003, the inclusion of 15-35-108 terminates June 30, 2010; and pursuant to sec. 135, Ch. 114, L. 2003,
14 the inclusion of 2-15-151 terminates June 30, 2005.)"

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16 **NEW SECTION.** **Section 6. Codification instruction.** [Sections 1 and 2] are intended to be codified
17 as an integral part of Title 20, chapter 25, part 4, and the provisions of Title 20, chapter 25, part 4, apply to
18 [sections 1 and 2].

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20 **NEW SECTION.** **Section 7. Effective date.** [This act] is effective July 1, 2005, and applies to eligible
21 students graduating from a unit of the Montana university system on or after July 1, 2005.

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